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IN THE
Supreme Court of the United States
OCTOBER TERM, 1998

Q. TODD DICKINSON,
Acting Commissioner of Patents and Trademarks,
Petitioner,
v.

MARY E. ZURKO, THOMAS A. CASEY, JR.,
MORRIE GASSER, JUDITH S. HALL, CLIFFORD E. KAHN,
ANDREW H. MASON, PAUL D. SAWYER,
LESLIE R. KENDALL, and STEVEN P. LIPNER,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF OF *AMICUS CURIAE* HOUSTON INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENTS

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BRIEF OF *AMICUS CURIAE* HOUSTON INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENTS

INTERESTS OF THE *AMICUS CURIAE*

The Houston Intellectual Property Law Association HIPLA) is an association of over 400 lawyers and other professionals who work in the Houston, Texas area.[1] The

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[1] No counsel for a party authored this brief in whole or in part, and no person or entity, other than *amicus curiae*, its members or counsel, has made a monetary contribution to the preparation or submission of this brief. Written consents of the petitioner and respondent have been obtained and filed with the Clerk of the Court.

practice of most of the HIPLA membership relates in substantial part to the field of intellectual property law. Founded in 1961, HIPLA is one of the largest regional associations of intellectual property practitioners in the United States.

HIPLA is not presently affiliated with any of the parties to this appeal. Although a HIPLA member represented Respondents in proceedings before the Patent & Trademark Office (PTO) and before the original panel of the Federal Circuit, that representation was discontinued before that Court's *en banc* rehearing of this matter, and before briefing commenced for the same. A number of HIPLA members are employed by Compaq Computer Corp., Respondents' real party in interest. None of those individuals were consulted in the preparation or approval of this brief.

HIPLA takes no position on the merits of Respondents' patent application, and has no interest in whether that application issues as a United States patent. HIPLA is, however, interested in the practical consequences to the patent system and its participants should this Court adopt the position staked by Petitioner. Because those consequences may not adequately be set out in the briefing of the parties, HIPLA respectfully asks this Court to consider the arguments set forth herein in its decision of this matter.

SUMMARY OF THE ARGUMENT

This case will not limit judicial review of the Board of Patent Appeals and Interferences (BPAI) to "the standards prescribed by the APA and now codified at 5 U.S.C. § 706." Pet. Brief 15. It will not diminish the power of the federal courts to "interfere[] with [the BPAI's] discharge of the responsibilities that have been delegated to the agency by Congress." *Id.* at 18. It will not circumscribe judicial review of "the expert judgments of [the BPAI] on matters within its jurisdiction" to the "limited bounds prescribed by Congress for the review of administrative action under the APA." *Ibid.* Regardless of how this Court disposes of *this* case, searching and detailed review of BPAI decisions denying patentability will continue —but only for those applicants who have the time and resources to mount a civil action (under 35 U.S.C. § 145) against the Commissioner in the United States District Court for the District of Columbia.

As to the patentability issues commonly decided by the BPAI, the difference between the standard of review urged by Petitioner and that which has been followed for years by the Federal Circuit and its predecessor court is not merely a semantic quibble. If forced to review the BPAI on its own reasoning, the Federal Circuit would be compelled to affirm denials of patents which in the past it has been free to reverse. Conclusions regarding compliance with the statutory requirements, such as of enablement (35 U.S.C. § 112) and nonobviousness (35 U.S.C. § 103), are invariably grounded in judgments or reasoning as to the requirements and scope of an invention, and the nature and significance of its advance over what has preceded it. Once this conceptual groundwork is laid, the patent application is assessed against the prior art for compliance with the statute. If in reviewing decisions of the BPAI the Federal Circuit were bound by its reasoning, then reversals of BPAI decisions would be limited to cases in which the BPAI has either applied an erroneous legal standard, or has clearly misread the application or a prior art reference. Cases such as this one, in which there is no dispute as to the scope of what is claimed, the disclosure of the prior art, or the proper legal standard for assessing patentability, would be affirmed as a matter of course.

By adopting Petitioner's position, the Court would not foreclose patent applicants in Respondents' position from securing meaningful review of the BPAI. All that will change is the forum. The patent statute provides that "[a]n applicant dissatisfied with the decision of the Board of Patent Appeals and Interferences may . . . have remedy

by civil action against the Commissioner in the United States District Court for the District of Columbia." 35 U.S.C. § 145. Proceedings under § 145 are, in effect, *de novo*—since the parties are free to present evidence that was not submitted to the Patent Office. Today, § 145 is seldom invoked, since appeal to the Federal Circuit is far more convenient and expeditious. But if this Court were to limit the Federal Circuit's review of the decisions of the BPAI to what is set forth in 5 U.S.C. § 706, then those applicants having adequate resources will go to the United States District Court for the District of Columbia instead.

Among the consequences of such a decision are (1) an increase in the time and expense of securing judicial review; (2) the creation of a *de facto* dual review system, which provides meaningful review to the well-heeled applicant and denies it to those who cannot afford a § 145 proceeding; (3) an increase in the burden to the federal judiciary for each BPAI decision that is reviewed; and (4) a shift in review responsibility from a specialized patent court that relishes Patent Office appeals to a district court, which (we suspect) greets these matters with somewhat less enthusiasm. This is not a course that this Court should take, absent clear precedent which limits its freedom to act. There is no such precedent. This Court should affirm the Federal Circuit's *en banc* decision.

ARGUMENT

If adopted, Petitioner's position would disserve all participants in the patent system—from the federal courts to the PTO to the general public that is served by both. It is not a position that is compelled by anything in the APA, its legislative history, or in this Court's precedent relating to the same. It is not a position that this Court should adopt.

I. THERE IS NO CLEAR AUTHORITY FOR LIMITING REVIEW OF BPAI ACTIONS TO THE STANDARDS OF 5 U.S.C. § 706

Whatever the merits of the arguments advanced by the parties regarding the layout of the APA and its legislative history, one thing is abundantly clear—there is no direct authority which requires this Court to adopt Petitioner's position. Nothing in the legislative history indicates that the APA was intended to *curtail* the then-applicable scope of judicial review, whether of the PTO or of any other federal agency. If anything, the APA was intended to *facilitate* judicial review of agency actions. *See* 1 Kenneth Culp Davis, *Administrative Law Treatise*, § 1:7 at 21-24 (2d ed. 1978).

And nothing in this Court's case law compels the conclusion advanced by Petitioner. This Court has found that the APA may (in some cases) limit the power of the courts to fashion and impose specific procedures for agency rule making. *See Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 413-414 (1971); *Vermont Yankee Nuclear Power Corp. v. Natural Resources Defense Council, Inc.*, 435 U.S. 519, 543-549 (1978). This Court has in *dicta* suggested that the APA limits the standard of judicial review of an agency's informal rule making. *American Paper Inst. v. American Elec. Power Serv. Corp.*, 461 U.S. 402, 412-413 n.7 (1983) ("absent a specific command in PURPA to employ a specific standard of review, the full-avoided cost rule must be reviewed solely under the more lenient arbitrary-and-capricious standard prescribed by the Administrative Procedure Act for judicial review of informal rule making"). This Court has held that the APA may dictate the standard of proof to be applied in adjudicatory proceedings *of the agency*. *See Steadman v. SEC*, 450 U.S. 91, 95-97 (1981). But this Court has never held that the APA limits the standard to be applied in judicial review of agency adjudicatory actions or abrogated standards of review that were well-entrenched at the time of its adoption.

Since Petitioner's position is not one that is compelled by the APA, its legislative history, or this Court's precedent, it should not be adopted, especially in light of its consequences.

II. ADOPTING PETITIONER'S POSITION WOULD UNDERMINE THE UTILITY OF APPEAL TO THE FEDERAL CIRCUIT UNDER 35 U.S.C. § 141

The patent statute provides two avenues for judicial review of decisions of the BPAI. The first is by appeal to the Federal Circuit. 35 U.S.C. § 141. The second is by civil action against the Commissioner in the United States District Court for the District of Columbia. 35 U.S.C. § 145. Of these two procedures, the first is overwhelmingly favored by patent applicants.

The reasons for this are plain. Appeals to the Federal Circuit are based upon the written record prepared in the Patent Office. 35 U.S.C. § 143. By the time an appeal is taken, the applicant will have already prepared (for the BPAI's consideration) a brief setting forth the relevant background and authority in support of her position. *See* 37 C.F.R. § 1.192. All that remains to convert this work into a proper Appellant's Brief is to revise the argument to address the specifics of the BPAI's decision. The appeal procedure under § 141 is quick and inexpensive, and (with the exception of "test cases" such as this one) will produce a reasonably expeditious result. Because this convenient procedure is believed to offer a reasonable opportunity to secure patent rights that were improperly withheld by the BPAI, it is the procedure of choice for securing judicial review. Even *pro se* litigants have prosecuted successful appeals to the Federal Circuit (or its predecessor) under § 141. *See In re Benno*, 768 F.2d 1340 (Fed. Cir. 1985); *In re Pardo*, 684 F.2d 912 (C.C.P.A. 1982); *In re Gaubert*, 524 F.2d 1222 (C.C.P.A. 1975); *In re Goodman*, 476 F.2d 1365 (C.C.P.A. 1973).

Petitioner's position would change all of this. Limiting the Federal Circuit to "substantial evidence" review of BPAI fact findings would severly limit the power of that Court to remedy the improper denial of patent rights. The *en banc* panel stated (and Petitioner does not disagree) that the APA standards would require that the Federal Circuit "review board decisions on their own reasoning." Pet. App. 3a. In the context of the patentability issues that are most commonly reviewed by the Federal Circuit, this is a very significant limitation. In many of these cases, the facts are not in dispute. The reasoning determines the outcome.

This case offers an excellent illustration. There is no dispute as to what Respondents are attempting to claim. There is no dispute as to the capabilities and limitations of the prior art UNIX and FILER2 software. The dispute centers upon the validity of the examiner's determination (as affirmed by the BPAI) that one of ordinary skill in the relevant art "would have been led from these teachings to take a trusted command parsed in the untrusted environment and submitted to the trusted computing environment, as taught by UNIX, and to display the parsed command to the user for confirmation prior to execution, as suggested by [FILER2]." This determination is premised upon and determined by the reasoning applied by the examiner (and the BPAI) to the undisputed facts. If the Federal Circuit were obligated to accept this reasoning, then it would have to affirm the BPAI. It is for this reason that the Federal Circuit recognized that the standard of review was material to its decision, and accepted this case for *en banc* rehearing. Pet. App. 2a.

This case is not an anomaly, and this Court should not interpret the Federal Circuit's past reluctance to address its standard of review as any indication that it is. In most of the cases where the Federal Circuit held its review standard immaterial, the Court affirmed the BPAI under the clear error standard. *See In re Mac Dermid, Inc.*, 111

F.3d 890, 890-91 (Fed. Cir. 1997); *In re Kemps*, 97 F.3d 1427, 1430-31 & nn.5-6 (Fed. Cir. 1996); *In re Napier*, 55 F.3d 610, 614 (Fed. Cir. 1995). In the one reversal where the Federal Circuit refused to reconsider its standard of review, the Court emphasized that the BPAI decision would not be sustained under a substantial evidence standard. *In re Brana*, 51 F.3d 610, 614 (Fed. Cir. 1995).[2] The Federal Circuit has, in numerous decisions, disagreed with the BPAI's reasoning regarding the scope of an invention, the nature and significance of its advance over what has preceded it, the motivations in the prior art to make it, etc. Under the limited review advocated by Petitioner, those cases would likely have been decided against the applicant, and not (as actually resolved) in the applicant's favor. *See In re Rouffet*, 149 F.3d 1350 (Fed. Cir. 1998); *In re Leuders*, 111 F.3d 1569 (Fed. Cir. 1997); *In re Brouwer*, 77 F.3d 422 (Fed. Cir. 1996); *In re Ochiai*, 71 F.3d 1565 (Fed. Cir. 1996); *In re Chu*, 66 F.3d 292 (Fed. Cir. 1995); *In re Deuel*, 51 F.3d 1552 (Fed. Cir. 1995); *In re Soni*, 54 F.3d 746 (Fed. Cir. 1995); *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994); *In re Mills*, 916 F.2d 680 (Fed. Cir. 1990); *In re Grasselli*, 713 F.2d 731 (Fed. Cir. 1983).

III. ADOPTING PETITIONER'S POSITION WOULD SHIFT THE PREVALENT JUDICIAL REVIEW PRACTICE FROM § 141 TO § 145

This case, as well as the ones cited above, illustrates the significance of the standard of review to the reception that a patent applicant might expect in appeals to the Federal Circuit of decisions of the BPAI. In many cases, that difference will be the difference between likely success and futility. If this Court adopts the position advocated by Petitioner, then the (we suspect, numerous) applicants

[2] In *In re Lueders*, 111 F.3d 1569, 1574-78 (Fed. Cir. 1997), the panel refused to refer the issue for *en banc* review, without commenting on the materiality of the standard of review to the case in front of it.

for whom § 141 review would become an empty exercise will employ the procedures of § 145, if they can afford them.

That statute provides that an applicant dissatisfied with a decision of the BPAI may have a remedy by civil action against the PTO Commissioner in the United States District Court for the District of Columbia. That court "may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Patent Appeals and Interferences, as the facts in the case may appear". 35 U.S.C. § 145. As this Court has noted (regarding the predecessor to § 145), "a formal trial is afforded on proof which may include evidence not presented in the Patent Office." *Hoover Co. v. Coe*, 325 U.S. 79, 83 (1945). When new evidence is presented on a disputed question of fact, the district court gives no deference to the findings of BPAI, but will make a *de novo* determination of the disputed issue. *Fregeau v. Mossinghoff*, 776 F.2d 1034, 1038 (Fed. Cir. 1985).[3]

An applicant who is denied a patent by the BPAI, and who cannot mount an effective challenge to that decision under the APA standard of review, will in almost every case be able to procure *de novo* review under § 145. All that is required is new evidence. That new evidence may take the form of technical treatises or periodicals, inventor testimony, expert affidavits, or experiments. It is difficult to imagine a case in which such evidence could *not* be generated.

Even if this Court were to agree with Petitioner, the fact findings of the BPAI would *not* be insulated from review under a standard more rigorous than that specified

[3] Under current Federal Circuit precedent, where no new evidence is presented, the district court reviews the BPAI's fact findings for clear error. *Fregeau*, 776 F.2d at 1038. Although the issue is not presnted, Petitioner would likely contend that this review should also be limited to the APA standard.

in the APA. All that will change is the forum. HIPLA believes that this change will be for the worse, and will disserve the interests of almost every participant in the patent system.

IV. THE PATENT SYSTEM IS BEST SERVED BY PRESERVING § 141 AS A VEHICLE FOR EFFECTIVE JUDICIAL REVIEW

Patent applicants are best served by the current system. What applicants require is quick and inexpensive access to meaningful review of the BPAI. Appeals under § 141 provide such review. In contrast, proceedings before a district court can include written discovery, depositions, expert reports, disclosure obligations, court-supervised ADR, and a host of other procedures that are merely ancillary to the applicant's ultimate objective of procuring some decision on the merits of her application. The last sentence of § 145 imposes court costs on the applicant, regardless of the outcome. And if the applicant prevails, then the Commissioner can appeal *that* result to the Federal Circuit, thereby imposing further expense and delay. There is simply no comparison between the relative burden on applicants of appeals under § 141 and civil actions under § 145. Restricting meaningful judicial review to the latter procedure would place it beyond the reach of countless individuals and small businesses--the very people who have the greatest need for the exclusive rights that are secured by a patent.

The Patent Office is best served by the current system. HIPLA seriously doubts that the PTO Commissioner and his Solicitor's Office would welcome a shift in judicial review practice from appeals on a written record under § 141 to trials *de novo* under § 145. Yet that is exactly what will happen if this Court adopts the position which Petitioner advocates.

The federal courts are best served by the current system. It encourages review of BPAI decisions by a court

having specialized jurisdiction in patent matters. Unlike many district court judges, the judges of the Federal Circuit actually like to decide patent cases. That Court is assisted in those cases by a special staff educated in various aspects of patentable technology, and by law clerks who (in some instances) have a special interest and training in the patent law. The United States District Court for the District of Columbia is an outstanding institution. But its experience in patent matters cannot be compared to the Federal Circuit's. And we suspect that the increase in § 145 actions that would follow adoption of Petitioner's position would not be a welcome addition to that Court's docket.

The only beneficiaries of what Petitioner proposes will be the lawyers—and only those lawyers who care more for their pocketbooks than for fair and efficient process.

CONCLUSION

HIPLA respectfully requests that this Court affirm the judgment of the Court of Appeals for the Federal Circuit.

Respectfully submitted,

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